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CENTRAL INTELLIGENCE BULLETIN



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DAILY BRIEF

N^o

*USSR-Indonesia: Khrushchev will make an official visit to Indonesia in February and is expected to stop briefly in New Delhi en route. He will probably try at both stops to improve relations between his hosts and Communist China. He will be seeking official expressions of support for major Soviet foreign policy positions and, to this end, would probably welcome invitations to visit other South and Southeast Asian countries during this pre-summit trip.

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II. ASIA-AFRICA

N^o

Laos: [Premier Phoui's anticipated resignation was accepted by the King on 31 December. Bitter mutual recriminations attending the resignation will make negotiations difficult for the creation of a new anti-Communist coalition cabinet including both Phoui's followers and members of the young reformist group (CDNI). During the present tense atmosphere in Vientiane, the army has moved to occupy key points in the city.]

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Pakistan: Pakistan's Second Five-Year Plan (1960-65), announced by President Ayub on 30 December, places heavy emphasis on the goal of achieving self-sufficiency in food production and on expanding educational opportunities. Ayub probably hopes the announcement of the plan will increase the government's popular prestige by stimulating interest in the country's first nationwide local elections now under way. The plan will cost about \$4 billion, of which about \$1.7 billion will be required in foreign aid and investment. [redacted]

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Iran-Israel: Iran has decided to establish a consulate general in Israel within three months, [redacted] despite the likelihood that this will damage its relations with the Arab states. Tehran, which has been expanding its relations with Tel Aviv during the past year, apparently sees Israel as a potential source of arms [redacted]

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[redacted] (Page 3)

III. THE WEST

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OK

Cuba: In taking over control of the Cuban subsidiary of the Otis Elevator Company on 29 December, the Castro government invoked for the first time a sweeping new law which businessmen fear can be used for political and economic retaliation. [redacted] (Page 4)

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DAILY BRIEF

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[redacted]
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II. ASIA-AFRICA

Pakistani President Ayub Announces Second Five-Year Plan

Pakistan's Second Five-Year Plan (1960-65), announced by President Ayub on 30 December, places heavy emphasis on achieving self-sufficiency in food production and on expanding agricultural production generally. Industries using Pakistani raw materials such as jute, cotton, and sugar are to be expanded. In addition, education, particularly in the technical fields, is to receive major attention, and facilities are to be provided for many more primary and secondary students.

The government hopes that under the plan national income will be increased by about 20 percent. However, per capita consumption would be increased by only 10 percent, taking into account the expected increase in population by 1965. The plan's financing depends heavily on foreign aid and investment. Of a total investment outlay of about \$4 billion, \$1.7 billion is to come from foreign sources and \$2.3 billion from domestic sources.

Ayub probably hopes the announcement of the plan will strengthen public interest in national policy at this time, when nationwide local elections are under way (national elections are not yet scheduled). Although his call for higher taxes, hard work, and austerity may stimulate some apprehension, Ayub probably expects the promise of a more prosperous future to win public cooperation. He may intend, however, to rely on the authority of martial law to push economic development if voluntary cooperation proves inadequate. [redacted]

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[redacted] 25X1
[redacted]

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Iran and Israel Strengthening Ties

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[Iran's decision to establish a consulate general in Israel within three months is the latest step in a year's effort by these states to develop closer relations.]

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Israel as a potential "arsenal" for Iran and may intend to purchase weapons manufactured or obtained by Israel. Israel has been promoting an export market for the arms and ammunition industry it has developed.]

[Iran's planned press announcement that the consulate is needed to assist the 80,000 Iranians living in Israel may provoke a UAR propaganda attack. Tehran is concerned over the possible reaction of the approximately 250,000 Arabs in Iran, and both Iran and Israel wish to avoid Arab pressure which might force Iran to stop supplying 90 percent of Israel's petroleum.]

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[Until recently, Iran had given no indication that it intended to go beyond de facto recognition of Israel, and relations between the two countries have been carried on discreetly. Iran's interests in Israel have been handled by the Swiss Legation in Tel Aviv--an arrangement concluded on Iranian initiative in 1958. Israel is represented unofficially in Iran by an Israeli who resides in Tehran.]

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III. THE WEST

Cuban Government Seizes Subsidiary of American Firm

On 29 December the Castro government assumed control of the Cuban subsidiary of the Otis Elevator Company, which had recently discharged 70 workers for economy reasons. The move was made under a new sweeping and ill-defined law which empowers the Labor Ministry to intervene in any enterprise where production is threatened by labor difficulties. The law has been feared by businessmen as being a means of political and economic retaliation. The company, which plans a legal appeal, feels the action resulted from pressure on the government by Communist labor leaders.

The army officer given full control over the subsidiary's operations is Julio Caseres, a Guatemalan reported to be a trusted aide of National Bank President "Che" Guevara. They apparently met while both were actively supporting the Arbenz government in Guatemala. Caseres worked under Guevara in the Industrial Division of the National Agrarian Reform Institute and seems to be one of the better educated of the protégés Guevara has placed in strategic positions throughout the government.

The intervention may mark the beginning of more rapid implementation of Castro's plans--largely the work of Guevara and his advisers--for government control of Cuba's industry and industrial development. Thus far, emphasis has been primarily on agrarian reform.

New attempts to arouse anti-American feeling may follow a US note to the Castro government which is to be delivered early in January. [REDACTED]

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Executive Secretary, National Security Council

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The Secretary of the Treasury

The Department of State

The Secretary of State

The Under Secretary of State

The Under Secretary of State for Economic Affairs

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